



General Assembly

January Session, 2017

Raised Bill No. 7316

LCO No. 5942



Referred to Committee on FINANCE, REVENUE AND
BONDING

Introduced by:
(FIN)

***AN ACT CONCERNING EVALUATION OF BUSINESS ASSISTANCE
AND INCENTIVE PROGRAMS.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 32-1m of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) Not later than February [1, 2006, and annually thereafter] first,
4 annually, the Commissioner of Economic and Community
5 Development shall submit a report to the Governor, the Auditors of
6 Public Accounts and the joint standing committees of the General
7 Assembly having cognizance of matters relating to appropriations and
8 the budgets of state agencies, finance, revenue and bonding and
9 commerce, in accordance with the provisions of section 11-4a. Not later
10 than thirty days after submission of the report, [to the Governor and
11 the General Assembly,] said commissioner shall post the report on the
12 Department of Economic and Community Development's web site.
13 [Said] Such report shall include, but not be limited to, the following
14 information with regard to the activities of the Department of

15 Economic and Community Development and to business assistance or
16 incentive programs not administered by the department, during the
17 preceding state fiscal year:

18 (1) A brief description and assessment of the state's economy during
19 such year, utilizing the most recent and reasonably available data, and
20 including:

21 (A) Connecticut employment by industry;

22 (B) Connecticut and national average unemployment;

23 (C) Connecticut gross state product, by industry;

24 (D) Connecticut productivity, by industry, compared to the national
25 average;

26 (E) Connecticut manufacturing activity;

27 (F) Identification of economic and competitive conditions affecting
28 Connecticut's industry sectors, problems resulting from these
29 conditions and state efforts to address the problems;

30 (G) A brief summary of Connecticut's competitiveness as a place for
31 business, which shall include, but not be limited to, an evaluation of (i)
32 how the programs and policies of state government affect the state
33 economy and state business environment, (ii) the ability of the state to
34 retain and attract businesses, (iii) the steps taken by other states to
35 improve the competitiveness of such states as places for business, and
36 (iv) programs and policies the state could implement to improve the
37 competitiveness of the state in order to encourage economic growth;
38 and

39 (H) Any other economic information that the commissioner deems
40 appropriate.

41 (2) A statement of the department's economic and community

42 development objectives, measures of program success and standards
43 for granting financial and nonfinancial assistance under programs
44 administered by the department.

45 (3) An analysis of the economic development portfolio of the
46 department, including, but not limited to, each business assistance or
47 incentive program, including any business tax credit or abatement
48 program, grant, loan, forgivable loan or other form of assistance,
49 enacted for the purpose of improving economic development. The
50 analysis shall include:

51 (A) A list of the names, addresses and locations of all recipients of
52 the department's assistance;

53 (B) The following information concerning each recipient of such
54 assistance: (i) Business activities, (ii) standard industrial classification
55 codes or North American industrial classification codes, (iii) number of
56 full-time jobs and part-time jobs at the time of application, (iv) number
57 of actual full-time jobs and actual part-time jobs during the preceding
58 state fiscal year, (v) whether the recipient is a minority or woman-
59 owned business, (vi) a summary of the terms and conditions for the
60 assistance, including the type and amount of state financial assistance,
61 job creation or retention requirements and anticipated wage rates, (vii)
62 the amount of investments from private and other nonstate sources
63 that have been leveraged by the assistance, (viii) the extent to which
64 employees of the recipient participate in health benefit plans offered
65 by such recipient, (ix) the extent to which the recipient offers unique
66 economic, social, cultural or aesthetic attributes to the municipality in
67 which the recipient is located or to the state, and (x) the amount of
68 state investment;

69 (C) A portfolio analysis, including (i) an analysis of the wages paid
70 by recipients of financial assistance, (ii) the average portfolio wage,
71 median portfolio wage, highest and lowest portfolio wage, (iii)
72 portfolio wage data by industry, and (iv) portfolio wage data by

73 municipality;

74 (D) An investment analysis, including (i) total portfolio value, (ii)
75 total investment by industry, (iii) portfolio dollar per job average, (iv)
76 portfolio leverage ratio, and (v) percentage of financial assistance
77 which was provided to high performance work organizations in the
78 preceding state fiscal year; [and]

79 (E) An analysis of the estimated economic effects of the
80 department's economic development investments on the state's
81 economy, including (i) contribution to gross state product for the total
82 economic development portfolio and for any investment activity
83 occurring in the preceding state fiscal year, (ii) direct and indirect
84 employment created by the investments for the total portfolio and for
85 any investment activity occurring in the preceding state fiscal year, (iii)
86 productivity of recipients of financial assistance as a result of the
87 department's investment occurring in the preceding state fiscal year,
88 (iv) directly or indirectly increased property values in the
89 municipalities in which the recipients of assistance are located, and (v)
90 personal income. The analysis shall include, for each business
91 assistance or incentive program for which such data is available, the
92 number of new jobs created, the borrowing cost to the state and the
93 estimated impact of such program on annual state revenues;

94 (F) An analysis of whether the statutory and programmatic goals of
95 each business or incentive program are being met, with obstacles to
96 such goals identified, if possible;

97 (G) (i) Recommendations as to whether any existing business
98 assistance or incentive program should be continued, modified or
99 repealed and the basis or bases for such recommendations, and (ii) any
100 recommendations for additional data collection by the state to better
101 inform future evaluations of such programs; and

102 (H) The methodologies and assumptions used in carrying out the
103 analyses under this subdivision.

104 (4) An analysis of the community development portfolio of the
105 department, including:

106 (A) A list of the names, addresses and locations of all recipients of
107 the department's assistance;

108 (B) The following information concerning each recipient of such
109 assistance: (i) Amount of state investment, (ii) a summary of the terms
110 and conditions for the department's assistance, including the type and
111 amount of state financial assistance, and (iii) the amount of
112 investments from private and other nonstate sources that have been
113 leveraged by such assistance;

114 (C) An investment analysis, including (i) total active portfolio value,
115 (ii) total investments made in the preceding state fiscal year, (iii) total
116 portfolio by municipality, (iv) total investments made in the preceding
117 state fiscal year categorized by municipality, (v) total portfolio
118 leverage ratio, and (vi) leverage ratio of the total investments made in
119 the preceding state fiscal year; and

120 (D) An analysis of the estimated economic effects of the
121 department's economic development investments on the state's
122 economy, including (i) contribution to gross state product for the total
123 portfolio and for any investment activity occurring in the preceding
124 state fiscal year, (ii) direct and indirect employment created by the
125 investments for the total portfolio and for any investment activity
126 occurring in the preceding state fiscal year, (iii) productivity of
127 recipients of financial assistance as a result of the department's
128 investment occurring in the preceding state fiscal year, (iv) directly or
129 indirectly increased property values in the municipalities in which the
130 recipients are located, and (v) personal income.

131 (5) An analysis of each business assistance or incentive program,
132 including any business tax credit or abatement program, grant, loan,
133 forgivable loan or other form of assistance, enacted for the purpose of
134 improving economic development, that (A) (i) had ten or more

135 recipients of assistance in the preceding state fiscal year, or (ii)
136 credited, abated or distributed more than one million dollars in the
137 preceding state fiscal year, and (B) is not administered by the
138 department. The analysis shall include:

139 (i) An overview of the business assistance or incentive program and
140 an analysis of its estimated economic effects on the state's economy,
141 including, for each program where such data is available, the number
142 of new jobs created and the estimated impact of such program on
143 annual state revenues;

144 (ii) An analysis of whether the statutory and programmatic goals of
145 each business assistance or incentive program are being met, with
146 obstacles to such goals identified, if possible;

147 (iii) Recommendations as to whether any such existing business
148 assistance or incentive program should be continued, modified or
149 repealed and the basis or bases for such recommendations, and any
150 recommendations for additional data collection by the state to better
151 inform future evaluations of such programs; and

152 (iv) The methodologies and assumptions used in carrying out the
153 analysis under this subdivision.

154 [(5)] (6) A summary of the department's economic and community
155 development marketing efforts in the preceding state fiscal year, a
156 summary of the department's business recruitment strategies and
157 activities in such year, and a summary of the department's efforts to
158 assist small businesses and minority business enterprises in such year.

159 [(6)] (7) A summary of the department's international trade efforts
160 in the preceding state fiscal year, and, to the extent possible, a
161 summary of foreign direct investment that occurred in the state in such
162 year.

163 [(7)] (8) Identification of existing economic clusters, the formation of

164 new economic clusters, the measures taken by the commissioner
165 during the preceding state fiscal year to encourage the growth of
166 economic clusters and the amount of bond funds expended by the
167 department during the previous fiscal year on each economic cluster.

168 ~~[(8)]~~ (9) (A) A summary of the department's brownfield-related
169 efforts and activities within the Office of Brownfield Remediation and
170 Development established pursuant to subsections (a) to (d), inclusive,
171 of section 32-761 in the preceding state fiscal year, except for activity
172 under the Special Contaminated Property Remediation and Insurance
173 Fund program. Such efforts shall include, but not be limited to, (i) total
174 portfolio investment in brownfield remediation projects, (ii) total
175 investment in brownfield remediation projects in the preceding state
176 fiscal year, (iii) total number of brownfield remediation projects, (iv)
177 total number of brownfield remediation projects in the preceding state
178 fiscal year, (v) total of reclaimed and remediated acreage, (vi) total of
179 reclaimed and remediated acreage in the preceding state fiscal year,
180 (vii) leverage ratio for the total portfolio investment in brownfield
181 remediation projects, and (viii) leverage ratio for the total portfolio
182 investment in brownfield remediation projects in the preceding state
183 fiscal year. Such summary shall include a list of such brownfield
184 remediation projects and, for each such project, the name of the
185 developer and the location by street address and municipality and a
186 tracking of all funds administered through or by said office;

187 (B) A summary of the department's efforts with regard to the
188 Special Contaminated Property Remediation and Insurance Fund,
189 including, but not limited to, (i) the number of applications received in
190 the preceding state fiscal year, (ii) the number and amounts of loans
191 made in such year, (iii) the names of the applicants for such loans, (iv)
192 the average time period between submission of application and the
193 decision to grant or deny the loan, (v) a list of the applications
194 approved and the applications denied and the reasons for such
195 denials, and (vi) for each project, the location by street address and
196 municipality; and

197 (C) A summary of the department's efforts with regard to the dry
198 cleaning grant program, established pursuant to section 12-263m,
199 including, but not limited to, (i) information as to the number of
200 applications received, (ii) the number and amounts of grants made
201 since the inception of the program, (iii) the names of the applicants,
202 (iv) the time period between submission of application and the
203 decision to grant or deny the loan, (v) which applications were
204 approved and which applications were denied and the reasons for any
205 denials, and (vi) a recommendation as to whether the surcharge and
206 grant program established pursuant to section 12-263m should
207 continue.

208 [(9)] (10) The following information concerning enterprise zones
209 designated under section 32-70:

210 (A) A statement of the current goals for enterprise zones;

211 (B) A statement of the current performance standards to measure
212 the progress of municipalities that have enterprise zones in attaining
213 the goals for such zones;

214 (C) A report from each municipality that has an enterprise zone,
215 which evaluates the progress of the municipality in meeting the
216 performance standards established under section 32-70a; and

217 (D) An assessment of the performance of each enterprise zone based
218 on information collected under subparagraph (C) of this subdivision.

219 [(10)] (11) With regard to the grant program designated pursuant to
220 sections 32-324a to 32-324e, inclusive, an assessment of program
221 performance.

222 [(11)] (12) With regard to the fuel diversification program
223 designated pursuant to section 32-324g, an assessment of program
224 performance.

225 [(12)] (13) An assessment of the performance of the Connecticut

226 qualified biodiesel producer incentive account grant program
227 established pursuant to sections 32-324a to 32-324e, inclusive.

228 [(13)] (14) An assessment of the performance of the fuel
229 diversification grant program established pursuant to section 32-324g.

230 [(14)] (15) A summary of the total social and economic impact of the
231 department's efforts and activities in the areas of economic and
232 community development, and an assessment of the department's
233 performance in terms of meeting its stated goals and objectives.

234 [(15)] (16) With regard to the Connecticut Credit Consortium
235 established pursuant to section 32-9yy, a summary of the activity of
236 such program, including, but not limited to, the number of loans and
237 lines of credit applied for and approved, the size of the businesses, the
238 amount of the loans or lines of credit, and the amount repaid to date.

239 [(16)] (17) With regard to the office of the permit ombudsman,
240 established pursuant to section 32-726:

241 (A) The names of applicants for expedited review;

242 (B) The date of request for expedited review;

243 (C) The basis upon which the applicant claimed eligibility for
244 expedited review;

245 (D) State agencies that participated in the permit review process;

246 (E) The dates on which the permit was granted or denied via the
247 expedited review process or the date the applicant was determined not
248 to be eligible for expedited review; and

249 (F) If applicable, the reason the applicant was determined not to be
250 eligible for the expedited review process.

251 [(17)] (18) With regard to the Small Business Express program
252 established pursuant to section 32-7g, data on (A) the number of small

253 businesses that applied to the Small Business Express program, (B) the
254 number of small businesses that received assistance under said
255 program and the general categories of such businesses, (C) the
256 amounts and types of assistance provided, (D) the total number of jobs
257 on the date of application and the number proposed to be created or
258 retained, and (E) the most recent employment figures of the small
259 businesses receiving assistance.

260 ~~[(18)]~~ (19) With regard to airport development zones established
261 pursuant to section 32-75d, a summary of the economic and cost
262 benefits of each zone and any recommended revisions to any such
263 zones.

264 (b) Any annual report that is required from the department by any
265 provision of the general statutes shall be incorporated into the annual
266 report ~~[provided]~~ submitted pursuant to subsection (a) of this section.

267 (c) On or before March 1, 2018, and annually thereafter, the joint
268 standing committees of the General Assembly having cognizance of
269 matters relating to appropriations and the budgets of state agencies,
270 finance, revenue and bonding and commerce shall hold, individually
271 or jointly, one or more public hearings on the analyses included in the
272 annual report under subdivisions (3) and (5) of subsection (a) of this
273 section.

274 Sec. 2. (NEW) (*Effective from passage*) (a) As used in this section:

275 (1) "Annual report" means the report required under subsection (a)
276 of section 32-1m of the general statutes, as amended by this act;

277 (2) "Incentive programs" means every business assistance or
278 incentive program, including any business tax credit or abatement
279 program, grant, loan, forgivable loan or other form of assistance,
280 enacted for the purpose of improving economic development; and

281 (3) "Performance audit" means an examination of performance that

282 provides findings or conclusions to determine effectiveness in
283 achieving expressed legislative purposes.

284 (b) As part of each audit the Auditors of Public Accounts perform of
285 the Department of Economic and Community Development or as a
286 stand-alone audit, said auditors shall conduct a performance audit of
287 incentive programs, in such order and frequency as said auditors deem
288 necessary. Said auditors shall conduct any such performance audit in
289 accordance with generally accepted government auditing standards or
290 by another method said auditors deem appropriate.

291 (c) As part of each audit the Auditors of Public Accounts perform of
292 the Department of Economic and Community Development, said
293 auditors shall evaluate the most recent annual report submitted by the
294 Commissioner of Economic and Community Development and the
295 analyses required under subdivision (3) of subsection (a) of section 32-
296 1m of the general statutes, as amended by this act, and included in
297 such annual report. Such evaluation shall include, but need not be
298 limited to:

299 (1) A determination of whether evidence is available to support the
300 accuracy of the data presented in such annual report;

301 (2) An evaluation of management practices and operations with
302 respect to the ease or difficulty for taxpayers to comply with the
303 requirements of the incentive programs;

304 (3) Recommendations for improving the administrative efficiency or
305 effectiveness of the incentive programs; and

306 (4) An evaluation of whether such annual report satisfies the
307 reporting requirements under subsection (a) of section 32-1m of the
308 general statutes, as amended by this act.

309 (d) (1) The Auditors of Public Accounts shall submit a report, in
310 accordance with section 11-4a of the general statutes, of the

311 performance audit and evaluation required, pursuant to subsections
 312 (b) and (c) of this section, as part of each audit said auditors perform of
 313 the Department of Economic and Community Development, to the
 314 Governor, the Secretary of the Office of Policy and Management and
 315 the joint standing committees of the General Assembly having
 316 cognizance of matters relating to appropriations and the budgets of
 317 state agencies, finance, revenue and bonding and commerce. Such
 318 report may be submitted as part of the audit report of the Department
 319 of Economic and Community Development that said auditors issue
 320 pursuant to section 2-90 of the general statutes.

321 (2) The Auditors of Public Accounts shall submit a report, in
 322 accordance with section 11-4a of the general statutes, of any stand-
 323 alone performance audit conducted pursuant to subsection (b) of this
 324 section, to the Governor, the Secretary of the Office of Policy and
 325 Management and the joint standing committees of the General
 326 Assembly having cognizance of matters relating to appropriations and
 327 the budgets of state agencies, finance, revenue and bonding and
 328 commerce.

329 (e) Said committees shall hold, individually or jointly, one or more
 330 public hearings on a report submitted pursuant to subsection (d) of
 331 this section.

332 Sec. 3. Section 32-1r of the general statutes is repealed. (*Effective from*
 333 *passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-1m
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	Repealer section

Statement of Purpose:

To (1) specify the inclusion of evaluation of business assistance and incentive programs in the Commissioner of Economic and Community

Development's annual report, (2) require the Auditors of Public Accounts to conduct performance audits and evaluations of such programs and report, and (3) require the legislative appropriations, finance and commerce committees to hold public hearings on such report and auditors' findings.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]